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# City of Fairfax NEWS RELEASE

Fairfax, Virginia 22030

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**FOR IMMEDIATE RELEASE**

May 6, 2014

## **City Council Adopts Budget For Fiscal Year 2014-15**

**FAIRFAX, Va.** — The City of Fairfax Council has approved the city's \$127.9 million general fund operating budget for fiscal year 2014-15, an increase of \$2.4 million, or 1.9 percent, from the prior year. The total of all appropriated funds is \$160.9 million, an 8.2 percent decrease from the previous fiscal year's budget due to the city's transition out of the water treatment and distribution business. The city's fiscal year runs from July 1 to June 30.

The City Council set the real estate tax rate at \$1.04 per \$100 of assessed value, a decrease of 2¢ from the city manager's proposed rate of \$1.06, and from the previous year's adopted rate of \$1.06. The average residential homeowner's tax bill increases 2.5 percent based on the adopted rate of \$1.04 and a 4.5 percent increase in assessed values. This equates to an additional \$116 annual real estate tax based on the average residential home assessment of \$450,989. The average commercial property owner's tax bill decreases by 1.9 percent from their prior year tax bill; commercial real estate values remained flat. Real estate taxes are assessed and paid on a calendar year basis.

The fiscal year 2014-15 adopted budget dedicates 0.28¢ (\$250,000) to the School Tuition Reserve to absorb unforeseen deficits in future school tuition budgets. The adopted budget maintains 2¢ on the real estate tax rate dedicated to the city's stormwater fund (included in the total real estate tax rate of \$1.04). These funds will be used to address aging stormwater infrastructure and to meet future regulatory

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***(City Council Adopts Budget for Fiscal Year 2014-15, continued)***

requirements. The City Council maintained the commercial and industrial real estate tax rate at 5.5¢ per \$100 of assessed value. These dedicated funds are used exclusively toward new transportation projects in the city. The Old Town Service District tax also remains unchanged at 6¢ per \$100 of assessed value.

Capital fund expenditures of \$5.5 million representing 4.3 percent of General Fund expenditures.

The adopted budget reflects a decrease in the school tuition contract with Fairfax County Public Schools of \$0.20 million from the amount presented in the 2015 proposed budget. The reduction is driven mainly by a decrease in city student numbers. The city is contractually obligated to pay for instructional costs based on a per-student formula. Year over year, school tuition increased by \$0.25 million, or 0.6 percent.

City Council approved the proposed employee merit raises of 3.5 percent and Public Safety longevity steps of 3.5 percent, and added a 0.5 percent COLA (\$143,000); the COLA was not included in the city manager's proposed budget.

The City Council also approved a wastewater rate increase of 10 percent to meet the significant number of capital projects and debt service costs relating to the city's share of Fairfax County wastewater plant upgrades, where the city's wastewater is treated.

Highlights of the adopted budget include:

- General fund expenditures and revenues of \$127.9 million, an increase of 1.9 percent
- Expenditures for all funds total \$160.9 million, a decrease of 8.2 percent
- Capital fund expenditures for general fund supported projects of \$5.5 million
- Adopted real estate tax rate of \$1.04 per \$100 of assessed value, a 2¢ decrease from fiscal year 2013-14 real estate tax rate
- Stormwater fund – \$1.12 million (equivalent to 2¢ dedicated on the real estate tax rate) to maintain the city's stormwater infrastructure and ensure compliance with pending regulations
- School Tuition Reserve of \$0.25 million (equivalent to 0.28¢ dedicated on the real estate tax rate) to absorb unforeseen deficits in future school tuition budgets
- Assessed value of all real property increased \$176,429,000, a 3.3 percent increase
- One cent on the real property tax rate is about \$564,000
- No change to the personal property tax rate of \$4.13 per \$100 of assessed value

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***(City Council Adopts Budget for Fiscal Year 2014-15, continued)***

- No change to the commercial real estate tax rate of 5.5¢ per \$100 of assessed value, dedicated for transportation improvements
- Merit increases of 3.5 percent for eligible employees, Public Safety longevity steps at 3.5 percent, and a 0.5 percent COLA for all employees (\$428,000 cost impact)
- Wastewater rate increase of 10 percent

The adopted budget will be posted on the city's website prior to July 1 at

<http://www.fairfaxva.gov/budget/budget.asp>. A limited number of printed copies of the adopted budget book will also be available July 1 in the Finance Department, Room 312 at City Hall, 10455 Armstrong Street.

For information on the fiscal year 2014-15 adopted budget, contact Jennie Tripoli, Assistant Director of Finance, at **703-385-3973** or [jennie.tripoli@fairfaxva.gov](mailto:jennie.tripoli@fairfaxva.gov).